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**itelligence at a glance**


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MEUR	Jan. 01 - Sep. 30, 2011	Jan. 01 - Sep. 30, 2010	July 01 - Sep. 30, 2011	July 01 - Sep. 30, 2010
<b>Total revenues</b>	239.9	188.8	86.4	69.5
<b>Revenues by area</b>				
Consulting	137.2	101.9	49.1	35.4
Licenses	20.2	17.2	7.8	8.1
Outsourcing & Services	82.0	69.3	29.1	25.9
Other	0.5	0.4	0.4	0.1
<b>Revenues by segment</b>				
Germany/Austria/Switzerland (DACH)	114.0	99.5	39.9	34.5
Western Europe	44.6	23.7	17.7	10.5
Eastern Europe	15.3	13.1	5.4	5.3
USA	60.3	48.7	20.9	17.8
Asia	2.6	1.3	1.2	0.6
Other	3.1	2.5	1.3	0.8
EBIT	11.2	7.3	4.8	4.1
EBIT margin	4.7%	3.9%	5.6%	5.9%
EBITDA	18.4	13.2	7.3	6.2
EBITDA margin	7.7%	7.0%	8.4%	8.9%
IFRS net profit	5.9	3.3	2.6	1.8
IFRS earnings per share in EUR	0.21	0.13	0.09	0.07

## Letter to the Shareholders

### → Key figures for the first nine months at a glance

- Revenues up MEUR +51.1 or +27.1% (after adjustment for currency translation effects: +27.9%) to MEUR 239.9
- EBIT rises to MEUR 11.2 after MEUR 7.3 in the previous year (EBIT margin: 4.7%, previous year: 3.9%)
- Year-on-year revenue development: USA +23.8% (after adjustment for currency translation effects: +32.8%), Germany/Austria/Switzerland +14.6% (after adjustment for currency translation effects: +12.2%), Western Europe +88.2% (after adjustment for currency translation effects: +89.8%), Eastern Europe +16.8% (after adjustment for currency translation effects: +15.9%), Asia +100.0%
- Strong growth of +34.6% in Consulting business; positive development of +18.3% in Outsourcing & Services business and +17.4% in Licenses business
- Orders on hand at end of quarter total MEUR 231.0 (previous year: MEUR 192.5)

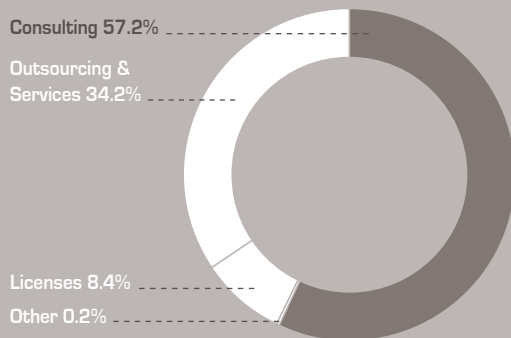
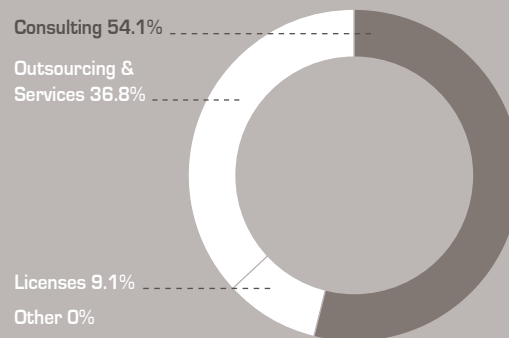
*Ladies and Gentlemen,  
Dear Shareholders,*

In the third quarter of 2011, itelligence AG continued the strong performance it has recorded in the fiscal year to date, further increasing its revenues for the first nine months by +27.1% year-on-year (after adjustment for currency translation effects: +27.9%) to MEUR 239.9. Organic revenue growth contributed 17.2% (MEUR 32.4) to this development, while the revenue contribution from acquired companies was 9.9% (MEUR 18.7).

At MEUR 137.2, Consulting revenues were up MEUR +35.3 (+34.6%) on the same period of the previous year. Licenses revenues increased to MEUR 20.2, up MEUR +3.0 or 17.4% year-on-year, while Outsourcing & Services increased its revenues from by MEUR +12.7 (18.3%), from MEUR 69.3 to MEUR 82.0.

In terms of the individual regions, revenues in the first nine months of the year amounted to MEUR 114.0 in Germany/Austria/Switzerland, MEUR 44.6 in Western Europe, MEUR 15.3 in Eastern Europe, MEUR 60.3 in the USA, MEUR 2.6 in Asia and MEUR 3.1 in the Other segment.

Orders on hand increased by 20% compared with September 30, 2010 to total MEUR 231.0 (previous year: MEUR 192.5).

**Share of revenues by area****9 months 2011****9 months 2010****Customer projects, SAP partnership and awards**

In September, itelligence AG reached the highest level in the SAP partner program for SAP Business ByDesign, meaning that it is now a gold level channel partner for SAP Business ByDesign in Germany, Austria and Switzerland as part of the SAP PartnerEdge program. This makes itelligence the first solution reseller for SAP Business ByDesign to have achieved the highest level of the SAP partner program in three European countries.

With this award, itelligence AG has underlined its expertise within the SAP ecosystem in the marketing and sales of the latest SAP technologies such as the SAP Business ByDesign on-demand solution at an international level.

Classification as part of the SAP PartnerEdge program is based on various criteria, such as sales performance and the development of new solutions. SAP also rewards participation in training and qualification meas-

ures. As an SAP gold-level channel partner for SAP Business ByDesign, itelligence will be included at an early stage in SAP's worldwide latest developments of product strategies, release updates and new technology. This fast communication leads to short project durations, even for demanding SAP Business ByDesign projects.

itelligence AG has been re-audited by SAP AG as "SAP Certified in Hosting Services", thereby confirming its status as "SAP Global Hosting Partner". In addition, SAP has again qualified itelligence's application management services with the global "SAP Certified in Application Management Services" certificate. With its global value-added reseller status and its position as a global services partner, this makes itelligence the only SAP partner in the world to hold four global partnerships or certifications from SAP AG.

As an SAP-certified provider of application management services and hosting services, itelligence fulfills standards and services that allow it to offer SAP services

for global and regional customers that are comprehensive and standardized across the world. itelligence AG offers hosting services from six countries – Germany, Switzerland, Poland, Denmark, the USA and Malaysia – for all regions of the world and has local and global application management centers in more than 10 countries.

itelligence considers it a great success that the Danish SAP consulting company 2C change, which has been part of itelligence only since June 2011, is already capable of providing outsourcing services. Processes have already been integrated to the point that itelligence is in a position to offer global application management and hosting services in Scandinavia.

2C change has successfully provided SAP consulting in Scandinavia for a number of years, including SAP system hosting since 2006. It operates more than 200 SAP systems in two data centers in Denmark, including coverage for disaster situations. 2C change is expanding the range offered by complete IT service provider itelligence with the addition of regional services and support in Danish and other Scandinavian languages.

In order to obtain certification from SAP AG, SAP partners must demonstrate their expertise and process quality in rigorous audits. The global audits include the verification of a uniform high level of service provision worldwide and a homogeneous configuration of the service processes in all relevant regions. itelligence has been an SAP global hosting partner consistently since 2004 and its application management services have been SAP-certified since 2010.

In addition, SAP AG has awarded itelligence AG's cloud services with the global "SAP Certified in Cloud Services" certificate for the first time. With the award of this latest global certification by SAP, itelligence AG is demonstrating that cloud services from the full-service IT

provider form the ideal basis for the use of the latest SAP software.

Depending on customer requirements at regional and global level, the corresponding hosting and application management services fulfill all security-related requirements on the latest SAP solutions. In particular, itelligence's cloud services support the efficient use of resources and flexible service provision.

In the third quarter, itelligence reported that it had gone live with SAP Business ByDesign at the outdoor specialist Wildnissport GmbH, Suderburg. Since July 2011, the company has been relying on SAP Business ByDesign, and hence the modern on-demand SAP solution. The company's data is now universally available thanks to the mobility connection. The SAP Business ByDesign consultancy team has taken only 16 weeks to install and provide mobile access to the entire range of logistics services – accounting, order processing including dispatch logistics (labeling), procurement, warehousing and invoicing. Wildnissport has improved the quality of its customer support and corporate management since the IT data are highly transparent and the company data is immediately available.

In the third quarter, itelligence also successfully went live at companies including RAPS Batania (a subsidiary of RAPS GmbH & Co. KG, Kulmbach) and Carl Schlenk AG, Roth-Barnsdorf.

itelligence AG gained a number of high-profile customers in the third quarter of 2011, including Sonderhoff Holding GmbH, Cologne, Inteplast Industria Técnica del Plástico S.A., Vall de Bianya / Girona (Spain), Gerber Scientific Inc., Tolland (Connecticut, USA), Pelican Products Inc., Torrance (California, USA), Vitamin Cottage Natural Food Markets Inc., Lakewood (Colorado, USA), BIOFARM Sp. z o.o., Poznań (Poland), Eposz Kft., Kisújszállás (Hungary) and Dió 896 Kft., Hódmezővásárhely (Hungary).

## Results of operations in the first nine months of 2011

EBIT improved by 53.4% to MEUR 11.2 in the first nine months. During this period, EBIT was impacted by non-recurring acquisition costs in the amount of MEUR 1.0 (previous year: MEUR 1.2). EBIT amounted to MEUR 7.2 in the same period of the previous year. The EBIT margin increased by +0.8% as a result, from 3.9% to 4.7%.

In the Germany/Austria/Switzerland segment, the EBIT contribution in the first nine months increased by MEUR +0.5 to MEUR 4.9. The earnings contribution was impacted by MEUR -0.9 as the acquisition costs for the Western European companies are reported in this segment.

In the period under review, the EBIT contribution in Western Europe improved by MEUR +1.7 year-on-year to MEUR 1.4 (previous year: MEUR -0.3). This positive earnings development is attributable in particular to the acquisition of CONTEMPORARY in the United Kingdom and 2C change in Denmark in 2011. The acquisition costs for CONTEMPORARY in the amount of MEUR 0.1 were reported in the Western Europe segment.

In Eastern Europe, the earnings contribution deteriorated by MEUR -0.6 to MEUR -0.4. This negative development is due to the significantly lower earnings contribution in Russia, the restructured company in Slovenia and risk provisioning in Eastern Europe. By contrast, development in Poland and Hungary remains encouraging.

In the USA, the earnings contribution increased substantially year-on-year by MEUR +1.9 to MEUR 5.3. This development was driven in particular by Consulting and Outsourcing & Services business.

The earnings contribution in the Asia segment amounted to MEUR -0.2, up MEUR +0.4 on the previous year. Consulting business in China and the activities of the Outsourcing & Services division in Malaysia are developing promisingly.

The earnings contribution in the Other segment increased by MEUR +0.1 to MEUR 0.3 as a result of the equity interests in ITC GmbH and Recruit GmbH.

The ratio of staff costs to total revenues within the Group decreased by -0.9%-points year-on-year to 53.0%. Due to the higher utilization of third-party service providers in the areas of consulting and application support, the utilization rate rose by +2.0%-points to 11.0%. The shift in revenue distribution among the segments meant that the product cost ratio declined by -1.7%-points to 14.8%. The ratio of IT and communication costs to the total revenues of the itelligence Group increased by +0.1%-points year-on-year to 2.0%.

Accordingly, the cost types had the following effects on EBIT profitability:

EBIT margin in the first nine months of 2010	3.9%
Staff costs	+0.9%
Third-party service provider costs	-2.0%
IT and communication costs	-0.1%
Travel costs	+0.1%
Product costs	+1.7%
Rental costs	+0.3%
Other income/expenses	-0.1%
EBIT margin in the first nine months of 2011	4.7%

The gross margin increased from 23.9% in the previous year to 25.8% in the period under review. This was primarily due to the change in the revenue mix in the Company's revenue segments. The ratio of marketing and selling expenses to the total revenues of the itelligence Group rose by +1.9%-points year-on-year to 11.9%, while the ratio of general administrative expenses was down -1.4%-points at 8.5%. Amortization costs for the orders on hand of the acquired companies increased by MEUR +0.4.

Income tax expense amounted to MEUR 3.9 in the first nine months of fiscal 2011 (previous year: MEUR 3.4). The consolidated tax rate declined to 40.0% after 51.0% in the previous year. The fluctuations in the consolidated tax rate are primarily attributable to the regional distribution of the itelligence Group's income with substantial deviations in terms of local tax rates and utilizable tax loss carryforwards. In the first nine months of 2011, the majority of income was generated in Germany and the USA, where the tax rate is between 30% and 37%. Acquisition costs in the amount of MEUR 1.0 (previous year: MEUR 1.2) resulted in non-deductible operating expenses in the respective periods, while backpayments of taxes also served to increase the consolidated tax rate in the previous year.

itelligence AG reported a net profit (profit after taxes) of MEUR 5.9 in the first nine months of 2011 after MEUR 3.3 in the same period of the previous year, an increase of 78.8%. The profit margin improved from 1.7% to 2.5% in the first nine months of fiscal 2011. The share of earnings attributable to the shareholders of itelligence AG amounted to MEUR 5.1 (previous year: MEUR 3.0). Earnings per share amounted to EUR 0.21 (previous year: EUR 0.13). Earnings per share for both periods are calculated on the basis of the number of 24,557,595 shares outstanding.

### Business development in the third quarter of 2011

itelligence continued to build on the positive development recorded in the second quarter, increasing its revenues by +24.3% (after adjustment for currency translation effects: +25.0%) year-on-year in the third quarter of 2011. Organic growth contributed +13.8% to this figure in the third quarter, while the acquired companies were responsible for +10.5%. As a result, revenues for the quarter under review amounted to MEUR 86.4. Consulting revenues improved by +38.7%, from MEUR 35.4 in the same period of the previous year to MEUR 49.1. Licenses revenues were down slightly year-on-year at MEUR 7.8, a decline of -3.8% or MEUR -0.3. Outsourcing & Services recorded revenue growth of +12.4% to MEUR 29.1.

EBIT of MEUR 4.8 was generated in the third quarter (previous year: MEUR 4.1). The EBIT margin declined year-on-year from 5.9% to 5.6%.

IFRS net profit for the period totaled MEUR 2.6 in the third quarter of 2011 after MEUR 1.8 in the same period of the previous year.

## itelligence's revenue segments developed as follows:

In Germany/Austria/Switzerland, revenues increased by +15.7% year-on-year to MEUR 39.9 (previous year: MEUR 34.5). Positive development was recorded in all revenue segments. Revenues in the Outsourcing & Services division improved by +13.7% year-on-year to MEUR 14.1, while Consulting revenues rose by +17.8% to MEUR 20.5. Licenses revenues in this region increased by MEUR +0.6 or +12.8% year-on-year to MEUR 5.3. The EBIT contribution from this segment declined by MEUR -1.2 to MEUR 2.3, largely as a result of the expansion of international services at Group level.

In the Western Europe segment, revenues increased by +68.6% year-on-year to MEUR 17.7 (after adjustment for currency translation effects: +70.2%). Consulting revenues in particular enjoyed growth of +78.4%, from MEUR 7.4 to MEUR 13.2. This increase is primarily attributable to revenue growth at the Danish company 2C change, which was acquired in 2011. The Outsourcing & Services division also performed well, with revenues improving by +40.0% to MEUR 3.5; this was largely due to the positive business development in the United Kingdom. At MEUR 1.0, Licenses revenues were up MEUR +0.4 on the same period of the previous year. The EBIT contribution improved by MEUR +1.0 year-on-year to MEUR 0.6 as a result of the positive business development and the acquisition costs recorded in the same period of the previous year.

Quarterly revenues in the Eastern Europe segment remained essentially unchanged year-on-year at MEUR 5.4 (previous year: MEUR 5.3). The significant growth in Outsourcing & Services revenues in particular, which increased by +59.1% or MEUR +0.6 to MEUR 2.8, served to offset the lower revenues in the other divisions. Consulting revenues declined by -11.5%

to MEUR 2.3, while Licenses revenues were down -40% year-on-year at MEUR 0.3. At a country level, Russia, Poland and Hungary all enjoyed positive business performance, while revenue development in the Czech Republic was down on the previous year. The EBIT contribution declined by MEUR -0.1 year-on-year to MEUR 0.2.

The USA segment generated revenues of MEUR 20.9, up +17.4% year-on-year (after adjustment for currency translation effects: +25.1%). This positive business development was primarily driven by the Consulting division, where revenues increased by +64.8% year-on-year to MEUR 11.7 (after adjustment for currency translation effects: +74.6%). Outsourcing & Services revenues were down slightly year-on-year at MEUR 8.1, a decline of -3.6% (after adjustment for currency translation effects: +2.5%). Some of the Licenses revenues scheduled for the third quarter were postponed until the fourth quarter, meaning that revenues fell by MEUR -1.2 year-on-year to MEUR 1.0. This corresponds to a change of -54.5% (after adjustment for currency translation effects: -50.0%). The sustained high level of utilization in the Consulting business had a positive impact on the earnings contribution, which improved by MEUR +1.2 to MEUR 3.6.

At MEUR 1.2, the Asia segment doubled its revenues compared with the previous year. The earnings contribution improved by MEUR +0.2, meaning that the segment almost broke even in the period under review.

The equity interests in ITC GmbH and Recruit GmbH are reported in the Other segment. Revenues increased by MEUR +0.5 year-on-year to MEUR 1.3, while the segment EBIT contribution rose by MEUR +0.2 to MEUR 0.1.

## Net assets and financial position

The total assets of the itelligence Group increased by MEUR 33.9 to MEUR 214.2 as of September 30, 2011 compared with MEUR 180.2 at December 31, 2010.

Non-current assets accounted for 50.7% of total assets at the reporting date (December 31, 2010: 40.8%).

The main items under non-current assets are intangible assets and property, plant and equipment. Intangible assets increased to MEUR 63.0 as of September 30, 2011 (December 31, 2010: MEUR 36.5) due to the designated intangible assets – particularly goodwill – resulting from acquisitions.

Current assets declined from MEUR 106.8 at December 31, 2010 to MEUR 105.6. Cash and cash equivalents recorded the largest decrease, falling by MEUR 8.0 at December 31, 2010 to MEUR 22.9 as a result of the acquisitions and investments conducted and the dividend paid in May 2011. Trade receivables increased slightly to MEUR 69.6 at the reporting date (December 31, 2010: MEUR 69.3). The average days sales outstanding was 69 days (December 31, 2010: 92 days; September 30, 2010: 74 days).

Net cash from operating activities amounted to MEUR 4.8 in the first nine months of the current fiscal year after net cash used in operating activities of MEUR -6.8 in the same period of 2010. This significant improvement compared with the previous year was primarily attributable to the improved earnings situation and the higher cash inflow from trade receivables.

Net cash used in investing activities amounted to MEUR -27.7 (previous year: MEUR -27.6). Investments in property, plant and equipment and IT software totaled MEUR 14.5 in the period under review, up on the figure of MEUR 11.0 for the first nine months of the previous year. As in the previous reporting periods, in-

vestments primarily related to the expansion of data center capacity in Germany and abroad and the start of construction of the new data center and office building in the USA. Payments for acquisitions less cash and cash equivalents acquired amounted to MEUR 13.2 (previous year: MEUR 16.8). Purchase price installments amounting to MEUR 1.6 were paid for the 100% equity interest in the British company CONTEMPORARY plc., which was acquired in May 2011, while purchase price installments amounting to MEUR 12.4 were paid for the 60% equity interest in the SAP consultancy firm 2C change, which was acquired in June 2011.

Net cash used in financing activities amounted to MEUR 15.0 (previous year: MEUR 8.3). This was attributable in particular to the fact that non-current financial liabilities increased, largely in order to finance acquisitions and construction work, while repayments also rose. Net cash used in financing activities also includes the annual dividend payment in the amount of MEUR -3.7 (previous year: MEUR -2.7).

itelligence's equity amounted to MEUR 59.7 as of the reporting date September 30, 2011 compared with MEUR 61.2 as of December 31, 2010. As a result of the increase in total assets and the slight decrease in absolute equity in particular, the equity ratio declined to 27.9% as of September 30, 2011 compared with 34.0% as of December 31, 2010. Minority interests increased by MEUR 9.5 compared with year-end 2010, largely as a result of the recognition of the 40% minority interest in the acquired company 2C change.

Non-current liabilities accounted for 33.0% of total assets as of September 30, 2011, up on the figure of 20.9% at December 31, 2010. Accordingly, the ratio of current liabilities to total assets fell to 39.1% as of the reporting date (December 31, 2010: 45.1%).

## Employees

The Group had 2,197 employees as of September 30, 2011, of which 907 were employed in Germany (September 30, 2010: 820) and 1,290 outside Germany (September 30, 2010: 975). The number of employees rose by +19.1% compared with year-end 2010 and by +22.4% compared with the same period of the previous year.

itelligence is taking new approaches to attracting skilled professionals: for the first time, the company had a recruitment stand at the Job40plus fair in Munich, which it used to actively address experienced and qualified IT consultants. itelligence also actively approached potential candidates at the IT & Business fair in Stuttgart. itelligence successfully gained new employees at both events and will be in attendance again next year. With these events and a redesigned poster campaign, itelligence is presenting itself as an attractive employer for the south German employment market.

Within the company, topics of strategic relevance were tackled in project groups as part of the seventh DELTA program and the results were presented at the annual summer workshop in Berlin. The DELTA network is the largest internal and international network, numbering a total of 116 employees this year. The transfer of expertise, especially between the individual segments, is a particularly important aspect of this program for itelligence.

## Opportunities and risks

The 2010 Annual Report (pages 74 to 78) provides detailed information on the fundamental opportunities and risks facing IT system houses as well as itelligence's specific opportunities and risks. The third quarter saw further work on internal control mechanisms and processes. In addition to the continued expansion of the risk early recognition system, the compliance guidelines were revised and compiled in a dynamic document. These measures and changes to processes serve to ensure that opportunities and risks are presented transparently at an early stage and corresponding countermeasures are initiated in a timely manner. The specific opportunities and risks for the fourth quarter are referred to in the Outlook.

## Investor Relations

The third quarter of 2011 was characterized by a substantial downturn in share prices on the global stock exchanges. This was primarily triggered by the government debt problems in Europe and the USA and the first signs of slowing economic growth. In early July, the DAX climbed to reach a high of almost 7,500 points before declining significantly – particularly in August – to its low for the year to date of just over 5,000 points in September. During the same period, the TecDax slid from just over 900 points at the start of July to a low of around 650 points at the end of September, before declining further in October.

itelligence's share price escaped this downward trend in July, fluctuating between EUR 6.75 and EUR 7. However, itelligence's shares also fell to below the EUR 6 mark in August and September. The share price recorded a high for the third quarter of EUR 7.10 on July 25 and a low of EUR 5.80 on August 24. With an opening price of EUR 7.00 on July 4 and a closing price of EUR 6.23 on September 30, performance in the third quarter amounted to -11%.

In the third quarter, Investor Relations activities focused on preparations for the company's presentation at the German Equity Forum organized by Deutsche Börse in Frankfurt on November 23, among other things. CFO Norbert Rotter will present itelligence AG to national and international investors, analysts and journalists.

Number of shares (Sep. 30, 2011):	24,557,595 shares
Nine-month high:	EUR 7.42
	(Apr. 28, 2011)
Nine-month low:	EUR 5.80
	(Aug. 24, 2011)
Share price at Sep. 30, 2011:	EUR 6.23
Market capitalization at Sep. 30, 2011:	MEUR 153.0

## Outlook

The figures for the third quarter further underline itelligence AG's dynamic growth. Compared with the same period of the previous year, revenues in the period from January 1 to September 30, 2011, increased by MEUR 51.1 to MEUR 239.9 (+27.1%). Organic growth – excluding acquisition effects – amounted to 17.2%, meaning that itelligence recorded above-average growth compared with the SAP market environment as a whole. itelligence AG enjoyed particularly strong revenue performance in the USA, its second-strongest market segment, recording growth of 32.5% on a US\$ basis or 23.8% on a euro basis.

EBIT also increased to an above-average extent, rising by MEUR 3.9 or 53.4% to MEUR 11.2. The Group's EBIT margin for the first nine months of the year amounted to 4.7%, compared with 3.9% in the previous year. However, itelligence saw a slight decrease of -0.3% in its EBIT margin, which amounted to 5.6% after 5.9% in the strong prior-year period.

The global economic outlook has deteriorated over recent months. According to forecasts, global economic growth will slow to 3.5% in 2011 after previously being projected at 4.5%. It remains difficult to assess the financial risks, particularly the high level of government debt in a number of industrialized nations and the consequences for the finance and banking sectors. This uncertainty is expected to carry over to the real econo-

my to a growing extent, resulting in a downturn in consumer spending and investment. Accordingly, the economic outlook for 2012 is becoming less positive, particularly for Europe and Germany. According to estimates by national authorities and central banks, economic growth is expected to amount to around 1.5% in the eurozone and as little as around 1.0% in Germany.

The slowdown in economic growth has yet to be reflected in itelligence AG's figures. Indeed, itelligence's growth is accelerating in certain divisions and regions due to the lack of available qualified employees. Orders on hand and the weighted order pipeline are further reasons for the Management Board to confirm the revenue and earnings guidance it raised in the second quarter even in the face of a weakening global economy. For 2011 as a whole, itelligence expects to generate revenues of at least MEUR 330 and an EBIT margin of between 6.0% and 6.2%.



Herbert Vogel  
CEO



Norbert Rotter  
CFO

## Shareholder structure

To the best of the Company's knowledge, itelligence's shareholder structure at the publication date of this Interim Report (October 27, 2011) was as follows:

NTT DATA EUROPE	77.7%
NTT Communications	10.0%
Herbert Vogel	2.5%
Free float	9.8%

## Directors' holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of September 30, 2011:

Management Board	Shares
Herbert Vogel (CEO)	605,738
-----	
Supervisory Board	
Dr. Britta Lenzmann (Employee representative)	155

## **Service**

All itelligence AG reports in German and English can be downloaded online at [www.itelligence.de](http://www.itelligence.de). You can also register to be added to the electronic mailing list for news and press releases under Investor Relations/Contact. You will then receive the latest news by e-mail.

## **Financial calendar 2011/2012**

**November 23, 2011**

Company presentation

German Equity Forum, Frankfurt

**March 20, 2012**

Publication of 2011 Annual Report

## **Contact**

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## Interim Report 3/2011

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## Consolidated Income Statement

KEUR	Jan. 01 - Sep. 30, 2011	Jan. 01 - Sep. 30, 2010	Jan. 01 - Sep. 30, 2011	Jan. 01 - Sep. 30, 2010
Revenues	239,915	188,809	86,395	69,513
Cost of sales	-178,101	-143,512	-65,158	-52,909
<b>Gross profit</b>	<b>61,814</b>	<b>45,297</b>	<b>21,237</b>	<b>16,604</b>
Marketing and distribution expenses	-28,670	-18,817	-9,422	-6,395
Administrative expenses	-20,407	-18,633	-6,848	-6,005
Other operating income	1,748	1,388	888	551
Other operating expenses	-2,697	-1,747	-878	-562
Amortization of orders on hand	-542	-170	-126	-107
<b>Total operating expenses</b>	<b>-50,568</b>	<b>-37,979</b>	<b>-16,386</b>	<b>-12,518</b>
<b>Result from operating activities</b>	<b>11,246</b>	<b>7,318</b>	<b>4,851</b>	<b>4,086</b>
Investment income	43	0	45	0
Measurement of derivatives and exercise of options	35	0	33	0
Exchange rate differences from financing activities	-57	94	-49	84
Finance income	94	138	35	28
Finance expenses	-1,611	-876	-791	-394
Net finance costs	-1,496	-644	-727	-282
<b>Profit before income tax</b>	<b>9,750</b>	<b>6,674</b>	<b>4,124</b>	<b>3,804</b>
Income tax expenses	-3,886	-3,401	-1,574	-2,036
<b>Consolidated net profit</b>	<b>5,864</b>	<b>3,273</b>	<b>2,550</b>	<b>1,768</b>
of which of the shareholders of itelligence AG	5,108	3,000	2,276	1,625
of which minority interests	756	273	227	143
Earnings per share (EUR)	EUR 0,21	EUR 0,13	EUR 0,09	EUR 0,07
Number of shares on the basis of which earnings per share were calculated:	24,557,595	24,557,595	24,557,595	24,557,595

## Consolidated Statement of Comprehensive Income

KEUR	Jan. 01 - Sep. 30, 2011	Jan. 01 - Sep. 30, 2010
Consolidated net profit	5,864	3,273
Foreign exchange differences	-405	1,539
<b>Total comprehensive income</b>	<b>5,459</b>	<b>4,812</b>
of which of the shareholders of itelligence AG	4,688	4,539
of which minority interests	771	273

## Consolidated Balance Sheet

Assets in KEUR	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
<b>Non-current assets</b>			
Intangible assets	66,774	39,678	39,564
Property, plant and equipment	35,821	28,503	29,223
Financial assets	220	145	145
Income tax receivables	368	427	423
Deferred tax assets	2,562	2,190	1,903
Other non-current assets	2,789	2,292	2,184
	<b>108,534</b>	<b>73,235</b>	<b>73,442</b>
<b>Current assets</b>			
Inventories	308	255	222
Trade receivables	69,574	53,845	69,259
Income tax receivables	2,029	135	336
Other current assets	3,074	2,510	1,443
Cash and cash equivalents	22,861	17,191	30,853
Prepaid expenses	7,772	6,843	4,647
	<b>105,618</b>	<b>80,779</b>	<b>106,760</b>
	<b>214,152</b>	<b>154,014</b>	<b>180,202</b>
<b>Equity and liabilities in KEUR</b>			
<b>Equity</b>			
Issued capital	24,558	24,558	24,558
Capital reserve	21,491	21,491	21,491
Net accumulated profit	24,120	15,823	22,450
Other comprehensive income	-25,097	-10,327	-12,411
	45,072	51,545	56,088
Minority interest	14,616	4,898	5,106
	<b>59,688</b>	<b>56,443</b>	<b>61,194</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	62,503	23,144	30,824
Deferred tax liabilities	3,759	3,879	4,115
Other non-current provisions	357	579	400
Pension provisions	27	72	12
Government grants	3,647	2,138	1,995
Other non-current liabilities	333	8,646	310
	<b>70,626</b>	<b>38,458</b>	<b>37,656</b>
<b>Current liabilities</b>			
Trade payables	19,733	16,007	24,040
Current financial liabilities	10,560	4,913	6,689
Tax provisions	4,047	1,438	1,441
Other current provisions	3,329	1,965	2,357
Income tax liabilities	558	911	1,006
Other current liabilities	40,620	28,968	41,277
Deferred income	4,991	4,911	4,542
	<b>83,838</b>	<b>59,113</b>	<b>81,352</b>
	<b>214,152</b>	<b>154,014</b>	<b>180,202</b>

## Consolidated Cash Flow Statement

KEUR	Sep. 30, 2011	Sep. 30, 2010
<b>Consolidated net profit</b>	<b>5,864</b>	<b>3,273</b>
Amortization of intangible assets and depreciation of property, plant and equipment	7,153	5,841
Elimination of gains/losses on asset disposals	-12	2
Other non-cash expenses and income	686	42
Net finance costs	1,496	644
Income tax expenses	3,886	3,401
	<b>19,073</b>	<b>13,203</b>
Change in inventories	-86	-198
Change in trade receivables	5,570	-1,070
Change in other non-current assets	-368	816
Change in other current assets	-3,028	-154
Change in prepaid expenses	-2,695	-4,458
Change in trade payables	-3,948	-3,120
Change in other liabilities and provisions	-5,635	-7,318
	<b>8,883</b>	<b>-2,299</b>
Interest received	94	138
Interest paid	-1,022	-986
Taxes paid	-3,170	-3,691
<b>Cash flows from operating activities</b>	<b>4,785</b>	<b>-6,838</b>
Investments in property, plant and equipment and IT software	-14,474	-10,984
Cash received from the disposal of property, plant and equipment and intangible assets	90	249
Payments for acquisitions (less cash and cash equivalents acquired)	-13,173	-16,752
Subsequent purchase price payments for investments made	-148	-87
<b>Cash flows from investing activities</b>	<b>-27,705</b>	<b>-27,574</b>
Dividend payments	-3,694	-2,645
Increase in long-term deposits	-48	-102
Raising of current financial liabilities	0	171
Raising of non-current financial liabilities	22,943	13,613
Repayment of non-current financial liabilities	-4,153	-2,772
<b>Cash flows from financing activities</b>	<b>15,048</b>	<b>8,265</b>
<b>Decrease/increase in cash and cash equivalents</b>	<b>-7,872</b>	<b>-26,147</b>
Effects from exchange rate differences	-120	842
Cash and cash equivalents at 1 January	30,853	42,496
<b>Cash and cash equivalents at Sep. 30</b>	<b>22,861</b>	<b>17,191</b>

## Consolidated Statement of Changes in Shareholders' Equity

	Number of shares	Issued capital	Capital reserves	Net accumula- ted profit	Other comprehensive income			Equity attribu- table to the shareholders of the parent company	Minority interests	Consol- idated equity
					Foreign exchange differences	Other equity	Other comprehen- sive equity			
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Dec. 31, 2009</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>15,277</b>	<b>-3,309</b>	<b>-5,247</b>	<b>-8,556</b>	<b>52,770</b>	<b>1,133</b>	<b>53,903</b>
Consolidated net profit				3,000				3,000	273	3,273
Foreign exchange differences					1,539		1,539	1,539		1,539
<b>Total comprehensive income</b>				<b>3,000</b>	<b>1,539</b>		<b>1,539</b>	<b>4,539</b>	<b>273</b>	<b>4,812</b>
Dividend payments				-2,454				-2,454	-191	-2,645
Changes in minority interests									3,683	3,683
Fair value for call and put options under IAS 32							-3,310	-3,310		-3,310
<b>September 30, 2010</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>15,823</b>	<b>-1,770</b>	<b>-8,557</b>	<b>-10,327</b>	<b>51,545</b>	<b>4,898</b>	<b>56,443</b>
<b>Dec. 31, 2010</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>22,450</b>	<b>-1,964</b>	<b>-10,447</b>	<b>-12,411</b>	<b>56,088</b>	<b>5,106</b>	<b>61,194</b>
Consolidated net profit				5,108				5,108	756	5,864
Foreign exchange differences					-420		-420	-420	15	-405
<b>Total comprehensive income</b>				<b>5,108</b>	<b>-420</b>		<b>-420</b>	<b>4,688</b>	<b>771</b>	<b>5,459</b>
Dividend payments				-3,438				-3,438	-256	-3,694
Changes in minority interests									9,277	9,277
Fair value for call and put options under IAS 32							-12,266	-12,266	-282	-12,548
<b>September 30, 2011</b>	<b>24,557,595</b>	<b>24,558</b>	<b>21,491</b>	<b>24,120</b>	<b>-2,384</b>	<b>-22,713</b>	<b>-25,097</b>	<b>45,072</b>	<b>14,616</b>	<b>59,688</b>

## Notes to the Consolidated Interim Financial Statements

### Accounting principles

The consolidated interim financial statements for the period ended September 30, 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and required to be applied in the EU. In accordance with IAS 34, the interim financial statements are published in condensed form with selected notes.

The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010 and the notes contained therein. The accounting policies applied in the consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2010.

The consolidated interim financial statements have not been audited.

The consolidated financial statements account for all current transactions and deferrals that management deems necessary to present the interim results accurately. The Company believes that the information and comments presented give a true and fair view of the net assets, financial position and results of operations of the Company.

### Accounting policies

The consolidated interim financial statements were prepared in accordance with the same accounting policies as those in the consolidated financial statements for the year ended December 31, 2010, which were

explained in detail in the notes contained therein. For further information, please refer to pages 99 ff. of the 2010 Annual Report.

In preparing the consolidated interim financial statements for the period ended September 30, 2011, assumptions and estimates were used that affect the reporting and amount of the recognized assets, liabilities, income, expenses and contingent liabilities. The actual figures may differ from the assumptions and estimates made in individual cases. Changes are recognized in profit or loss when more information becomes available.

In calculating income tax, the applicable tax rate at the end of the fiscal year and the expected average tax rate for the current fiscal year were applied.

### Changes to the consolidated group and the group structure

In the first nine months of 2011, there were the following material changes to the consolidated group:

By way of a purchase agreement dated May 17, 2011, the itelligence Group acquired 100% of the shares in the British company CONTEMPORARY plc., Ascot, one of the leading BusinessObjects partners. The preliminary purchase price was GBP 1.5 million. Purchase price allocation resulted in preliminary total goodwill of GBP 1.2 million, which will be tested for impairment once a year and whenever there are indications of impairment. The goodwill capitalized as a result of the acquisition is allocated to the Western Europe segment. More detailed purchase price allocation will be performed in fiscal 2011. Acquisition-related costs in the amount of GBP 67 thousand were recognized directly

as an expense. Initial consolidation took place on April 1, 2011, meaning that the company made a proportionate contribution of KEUR 27 to net profit for this six-month period.

By way of a purchase agreement dated June 14, 2011, the itelligence Group acquired 60% of the shares in the Danish SAP consultancy firm 2C change. The preliminary purchase price was MEUR 14.0. Formed in 2002, 2C change is one of the most successful SAP resellers in the Nordic market. With around 150 employees in Denmark, Norway and Malaysia, 2C change offers an extensive range of IT services from consultancy, SAP license sales and implementation through to hosting in the SAP environment and SAP BusinessObjects. The remaining 40% of the shares in 2C change may be acquired over the coming years by way of put and call options. Purchase price allocation resulted in preliminary total goodwill of MEUR 25.4, which will be tested for impairment once a year and whenever there are indications of impairment. In accordance with the new provisions set out in IFRS 3, the minority interests were measured at fair value (full goodwill method). The goodwill capitalized as a result of the acquisition is allocated to the Western Europe segment. More detailed purchase price allocation will be performed in fiscal year 2011. Acquisition-related costs in the amount of KEUR 929 were recognized directly as an expense. Initial consolidation took place on June 1, 2011, meaning that the company made a proportionate contribution of KEUR 649 to net profit for this four-month period.

In the first six months of 2011, itelligence AG acquired a further 10% of the shares in SAPCON a.s., Brno, thereby increasing its equity interest in the company from 56% as of December 31, 2010 to 66% as of June 30, 2011. The itelligence Group also acquired a further

4% of the shares in the US-based consultancy firm RPF Solutions, LLC, thereby increasing its equity interest in the company from 51% as of December 31, 2010 to 55% as of June 30, 2011. Both of these acquisitions were conducted by exercising the agreed put and call options.

By way of an agreement dated June 8, 2011, 100% of the shares in itelligence d.o.o., Slovenia, were sold. The company was fully consolidated until its disposal. The purchase price amounted to KEUR 135. The transaction resulted in a gain for the Group of KEUR 45.

## Combined consolidated balance sheet and consolidated income statement disclosures – unaudited

### 1 / Income taxes

	Jan. 1 - Sep. 30, 2011	Jan. 1 - Sep. 30, 2010
	KEUR	KEUR
Earnings before income taxes	9,750	6,674
Income taxes	-3,886	-3,401
<b>Income tax rate</b>	<b>40.0%</b>	<b>51.0%</b>

This item includes current tax expenses of KEUR -4,588 (previous year: KEUR -3,462) and deferred taxes of KEUR 702 (previous year: KEUR 61).



	USA	DACH	Western Europe	Eastern Europe	Asia	Other	Group Jan. 1 – Sep. 30, 2010
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Segment revenues	48,789	100,746	24,487	13,915	1,403	2,503	191,843
Intersegment trade	-57	-1,272	-822	-809	-74	0	-3,034
<b>External segment revenues</b>	<b>48,732</b>	<b>99,474</b>	<b>23,665</b>	<b>13,106</b>	<b>1,329</b>	<b>2,503</b>	<b>188,809</b>
Operating segment earnings before depreciation and amortization (EBITDA)	4,309	8,404	-44	851	-545	184	13,159
Depreciation and amortization	-920	-3,987	-236	-611	-73	-14	-5,841
<b>Operating segment earnings (EBIT)</b>	<b>3,389</b>	<b>4,417</b>	<b>-280</b>	<b>240</b>	<b>-618</b>	<b>170</b>	<b>7,318</b>
Net finance costs							-644
Result from ordinary operations							<b>6,674</b>
Income taxes							-3,401
<b>Consolidated net profit</b>							<b>3,273</b>

## 4 / Significant events after the reporting date

There were no significant events that could affect the Group's net assets, financial position and results of operations after September 30, 2011.



